

m/047/032

**THOMAS W. BACHTELL**  
36 SOUTH STATE STREET, SUITE 1875  
SALT LAKE CITY, UTAH 84111  
TELEPHONE: (801)595-8767  
FACSIMILE: (801)595-5161

June 23, 2005

**HAND DELIVERED**

Paul B. Baker, Environmental Scientist  
Utah Division of Oil, Gas and Mining  
Mineral Regulatory Program  
1594 West North Temple, Suite 1210  
Salt Lake City, Utah 84114-5801

**RECEIVED**  
**JUN 23 2005**  
**DIV. OF OIL, GAS & MINING**

Re: Transfer of Notice of Intention, Large Mining  
Operations; Wembco, Inc.; Asphalt Ridge Mine;  
M/047/032; Uintah County, Utah

Dear Mr. Baker:

Enclosed you will find the following original documents:

1. Transfer of Notice of Intention, Large Mining Operation; M/047/032 fully executed by Crown Asphalt Ridge, LLC, the current mine operator, and Wembco, Inc., the transferee;
2. Reclamation Contract for M/047/032 fully executed by Wembco, Inc.; and
3. A revised plat of the mine showing Wembco, Inc. as the operator, and among other things, eliminating core test hole locations, changing the total disturbed area from 118.72 acres to 118.03 acres, and indicating in parenthesis that the total Crown extraction facility is "16.42 acres actually disturbed and bonded." I am advised that these changes should conform to the Division's requests.

I am also enclosing a duplicate copy of the above documents and plat for your convenience and files.

In addition to the documents required for the mine transfer to occur, you will see that we have submitted a Certificate of Deposit confirmation from Zions Bank for \$275,000 in the name of the Division of Oil, Gas and Mining, as beneficiary. We have been working closely with Beth Erickson of your office, and believe that we have satisfied the Division's requirements for the bond. In that regard, as I believe Beth will confirm, additional documents need to be signed by your office and delivered to Mary Bendio of Zions Bank

Paul B. Baker, Environmental Scientist  
Utah Division of Oil, Gas and Mining  
June 23, 2005  
Page 2

which, when accomplished, will legally confirm the Division's entitlement to the \$275,000 bond. The additional enclosed documents are:

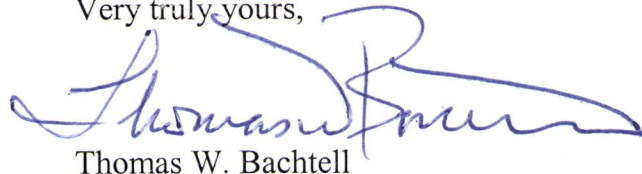
- A. The original letter dated June 9, 2005 from Mary Bendio of Zions Bank to Beth Erickson regarding the Certificate of Deposit;
- B. An original signature card concerning the Certificate of Deposit signed by Wembco, Inc. and requiring the signature from the Division; and
- C. An original letter signed by Zions Bank and Wembco, Inc. which is to be printed on Division letterhead and signed by Mr. Baza (or his designate).

With respect to these latter documents, I am informed that Beth knows what to do with them, so I submit them to you for further and appropriate handling.

Finally, for your convenience, I am submitting a copy of a letter from the Division dated May 26, 2004 addressed to Mr. Daniel O'Leary of Crown Asphalt Ridge, LLC which confirmed the transfer of the subject Large Mining Operation Permit from Crown Asphalt Corporation to Crown Asphalt Ridge, LLC effective May 18, 2004. I am submitting a copy of this letter not only as a convenience, but also with the request that, upon approval of the enclosed transfer to Wembco, Inc., the Division issue a similar letter acknowledging the release of Crown Asphalt Ridge, LLC from any further reclamation responsibilities at the mine. The member owner of Crown Asphalt Ridge, LLC has requested such a letter as the final step in the transaction with Wembco, Inc. I believe that such a letter is routine, but if you perceive any problems or issues with this request, would you please let me know at your earliest convenience.

On behalf of Wembco, Inc., and myself, I thank you for the time you and other staff members of the Division have given us to get to this point, and your prompt attention to the enclosed mine transfer request so that we may take advantage of summer weather to proceed with what appears to be promising tar sands oil separation activities.

Very truly yours,



Thomas W. Bachtell

TWB:ct

cc: James L. Barnes, President  
Wembco, Inc.  
E. Blaine Rawson, Esq.



COPY

For Division Use:  
File No.: M/047/032  
Effective Date: June 30, 2005  
DOGM Lead: PBB

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
Telephone: (801) 538-5291  
Fax: (801) 359-3940

TRANSFER OF NOTICE OF INTENTION  
LARGE MINING OPERATIONS

--ooOoo--

1. (a) Notice of Intention to be transferred (file number): M/047/032  
(b) Name of mining operation: Asphalt Tar Sands Mine  
(c) Location of mining operation (county): Uintah County  
(d) Name, telephone number and mailing address of the operator currently holding the notice of intention (transferor):  
Crown Asphalt Ridge, LLC  
2000 Second Avenue, Suite 780 WCB  
Detroit, Michigan 48226
2. (a) Name, telephone number and mailing address of the operator acquiring the notice of intention (transferee):  
Wembco, Inc.  
Thomas W. Bachtell  
36 South State Street, Suite 1875  
Salt Lake City, Utah 84111  
(b) Name, telephone number and address of the authorized representatives of the Transferee to whom any notices under the provisions of the Utah Mined Land Reclamation Act may be sent:  
Thomas W. Bachtell (801)595-8767  
36 South State Street, Suite 1875  
Salt Lake City, Utah 84111
3. (a) The total number of disturbed acres permitted and bonded under the approved Large Mining Notice of Intention: 43.35 Acres

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DIV. OF OIL, GAS & MINING



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- (b) Complete Appendix "A" (attached), a legal description of the approved and bonded disturbed acreage (include: Township(s), Range(s), and section(s), to the 1/4, 1/4, 1/4 section, and the county).
  - (c) The actual number of acres disturbed by the mining operation through the date of this transfer: 43.35 Acres A GPS survey shows the mining disturbed acreage is 26.93 and the plant/processing facility occupies 16.42 acres. *BB*
  - (d) Attach a topographic map (labeled as Appendix "B") of suitable scale which clearly outlines the existing disturbed area boundaries through the date of this transfer (max. scale, 1 inch = 500 ft., 1 inch = 200 ft., or larger scale is preferred). Label disturbed areas as appropriate. *Sub*
4. This application must be accompanied by a fully executed and signed Reclamation Contract (Form MR-RC) and an acceptable form of replacement reclamation surety.

\* ACREAGE CHANGED TO CONFORM TO MAP TITLED WEMBRO INC.,  
WEMBRO ASPHALT PROPERTY REVISED JUN 14, 2003.



copy

STATE OF MICHIGAN )  
 ) ss.  
COUNTY OF WAYNE )

SWORN STATEMENT OF TRANSFEROR

I, Nick Khouri being first duly sworn under oath, depose and say that I am manager (officer or agent) of Crown Asphalt Ridge, LLC (Corporation/Company Name); and that I am duly authorized to execute and deliver the foregoing obligations; that I have read the said application and fully understand the contents thereof; that all statements contained in the transfer application are true and correct to the best of my knowledge and belief. By execution of this statement I certify that the Transferor is in full compliance with the Utah Mined Land Reclamation Act, the Rules and Regulations promulgated thereunder, and the terms and conditions of Notice of Intention No. M/047/032.

[Signature]  
Signature

Nick Khouri  
Name (type or print)

Vice President + Treasurer  
Title

Subscribed and sworn before me this 17 day of June, 2005.

[Signature]  
Notary Public  
Residing at: \_\_\_\_\_

My commission Expires:

Aug 29, 2007.

CHERYL DONOHOO  
NOTARY PUBLIC WAYNE CO., MI  
MY COMMISSION EXPIRES Aug 29, 2007



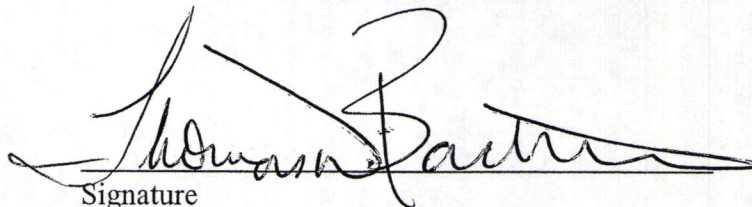
STATE OF UTAH )  
 ) ss.  
COUNTY OF SALT LAKE )

copy

FINAL SWORN STATEMENT OF TRANSFEREE

I, Thomas W. Bachtell being first duly sworn under oath, depose and say that I am agent \* (officer or agent) of Wembco, Inc. (Corporation/Company Name); and that I am duly authorized to execute and deliver the foregoing obligations; that I have read the application and fully understand the contents thereof; that all statements contained in the transfer application are true and correct to the best of my knowledge and belief. By execution of this statement, the Transferee agrees to be bound by the terms and conditions of Notice of Intention No. M/047/032, the Utah Mined Land Reclamation Act, and the Rules and Regulations promulgated thereunder.

\* See Attached Special Power of Attorney

  
Signature

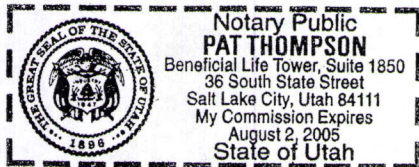
Thomas W. Bachtell

Name (type or print)

Agent, Wembco, Inc.

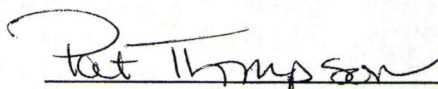
Title

Subscribed and sworn before me this 10<sup>th</sup> day of June, 2005.



My commission Expires:

8/2, 2005.

  
Notary Public  
Residing at: SLC UT



copy

# CERTIFICATION OF APPROVAL

This is to certify that I have examined the foregoing application and do hereby grant approval of same, subject to the following limitations and conditions:

- (a) This large mining permit transfer grants only the right to affect the lands as described in Appendix "A" (attached).
- (b) The transferee has provided to the Division a fully executed and signed Reclamation Contract (Form MR-RC) and an acceptable form of replacement reclamation surety. The surety shall be effective on or before the date of transfer.
- (c) The transferee, or such other person as required by UCA 1953, Title 40-8, has acquired the legal right to mine said lands as described in Appendix "A".
- (d) A topographic map of suitable scale is attached (as Appendix "B") which clearly outlines and labels the existing disturbed area boundaries through the date of this transfer.

COMMENTS:

APPROVED: \_\_\_\_\_

*for* John Baza, Director  
Division of Oil, Gas and Mining

Effective Date: 6/30/05  
NOI No.: m/047/032

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APPENDIX "A"

<u>Wembco, Inc.</u>	<u>Asphalt Tar Sands Mine</u>
New Operator	Mine Name
<u>M/047/032</u>	<u>Uintah</u> County, Utah
Permit Number	

The legal description of the lands to be disturbed is (Township, Range and section(s) to the 1/4, 1/4, 1/4 section):

Portions of the NE/4 of Section 31 and the SE/4 of Section 30, Township 4 South, Range 21 East, SLBM, as shown on the maps included and titled "Wembco Inc." (Wembco Asphalt Property)



work

STATE OF CALIFORNIA )  
 : ss.  
COUNTY OF SAN BERNARDINO )

KNOW ALL MEN BY THESE PRESENTS:

THAT, Wembco, Inc., a California corporation, with offices at 20231 Orchid Street, Newport Beach, California 92660, acting by and through its duly elected President, James L. Barnes, has made, constituted and appointed, and by these presents does make, constitute and appoint Thomas W. Bachtell, in his individual capacity, its true and lawful attorney-in-fact, for and in its name, place and stead to do any and every act and exercise any and every power that it might or could do or exercise through any other person that he shall deem proper or advisable, to make, execute, complete, revise and deliver to the Utah Division of Oil, Gas and Mining that certain Transfer of Notice of Intention, Large Mining Operations, File No. M/047/032 from Crown Asphalt Ridge, LLC to Wembco, Inc.; giving and granting unto said attorney-in-fact, full power and authority to do and perform all and every act and thing whatsoever requisite or necessary to be done in the above premises, as fully, and to all intents and purposes, as the corporation might or could do if personally present through its officers and directors, hereby ratifying and confirming whatever said attorney shall and may do by virtue hereof in the premises; and

It is agreed and represented to those dealing with said attorney-in-fact that this Special Power of Attorney shall remain in effect from April 27, 2005 until July 29, 2005 at 11:59 p.m.; provided, however, that this Special Power of Attorney may be voluntarily revoked prior to its termination date by written revocation of Wembco, Inc., delivered to the Utah Division of Oil, Gas and Mining, 1594 West North Temple, Suite 1210, Box 145801, Salt Lake City, Utah 84114-5801.

IN WITNESS WHEREOF, I have hereunto set my hand this 25<sup>th</sup> day of April, 2005.

WEMBCO, INC.

WITNESS:

By:


James L. Barnes, President




)

: SS.

)

 ANDREW EDSON CAMPBELL  
Commission # 1326545  
Notary Public - California  
San Bernardino County  
My Comm. Expires Oct 22, 2005

This instrument was acknowledged before me on April 25, 2005, by James L. Barnes, President of Wembco, Inc., a California corporation, on behalf of said corporation.

  
Notary Public

My Commission Expires:

22 OCT 2005



FORM MR-RC  
Revised January 21, 2005  
RECLAMATION CONTRACT

File Number M/047/032

Effective Date June 30, 2005

Other Agency File Number n/a

**STATE OF UTAH**  
**DEPARTMENT OF NATURAL RESOURCES**  
**DIVISION of OIL, GAS and MINING**  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5291  
Fax: (801) 359-3940

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**JUN 23 2005**

DIV OF OIL GAS & MINING

**RECLAMATION CONTRACT**

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)	<u>M/047/032</u>
(Mineral Mined)	<u>Tar Sands</u>
"MINE LOCATION":	
(Name of Mine)	<u>Wembco, Inc.</u>
(Description)	<u>Asphalt Tar Sand Mine</u>
	<u>Uintah County</u>
	<u>Approximately 3 miles southwest</u>
	<u>of Vernal, Utah</u>
"DISTURBED AREA":	
(Disturbed Acres)	<u>43.35</u>
(Legal Description)	<u>(Refer to Attachment A)</u>
"OPERATOR":	
(Company or Name)	<u>Wembco, Inc.</u>
(Address)	<u>c/o Thomas W. Bachtell</u>
	<u>36 South State Street, Ste 1875</u>
	<u>Salt Lake City, Utah 84111</u>
(Phone)	<u>(801) 595-8767</u>



**"OPERATOR'S REGISTERED AGENT":**

Name)  
(Address)

(Phone)

**"OPERATOR'S OFFICER(S)" & TITLE:**

**SURETY":**

(Form of Surety - Attachment B)

**"SURETY COMPANY":**

(Name, Policy or Acct. No.)

**"SURETY AMOUNT":**

(Escalated Dollars)

**"ESCALATION YEAR":**

**"STATE":**

**"DIVISION":**

**"BOARD":**

**ATTACHMENTS:**

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Wembco, Inc the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/047/032 which has been approved/accepted by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved/accepted Reclamation Plan or Notice, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.



copy

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Reclamation Plan and/or Notice of Intention approved/accepted by the Division on April 23, 1996. The Reclamation Plan and/or Notice of Intention, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face



copy

amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.



OPERATOR:

*Copy*

WEMBCO, INC.  
Operator Name

By James L. Barnes  
Authorized Officer (Typed or Printed)

President  
Authorized Officer - Position

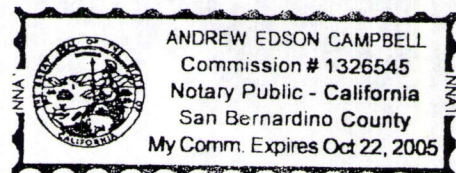
*[Signature]* April 25, 2005  
Officer's Signature Date

STATE OF CALIFORNIA )  
 ) ss:  
COUNTY OF SAN BERNARDINO )

On the 25th day of April, 20 05, James L. Barnes  
personally appeared before me, who being by me duly sworn did say that he/~~she~~ is the  
President of Wembo, Inc. and duly acknowledged  
that said instrument was signed on behalf of said company by authority of its bylaws or  
a resolution of its board of directors and said James L. Barnes duly  
acknowledged to me that said company executed the same.

*[Signature]*  
Notary Public  
Residing at FAWNSKIN CALIFORNIA

22 OCT 2005  
My Commission Expires:





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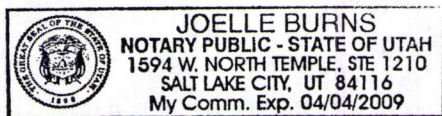
DIVISION OF OIL, GAS AND MINING:

By John Baza  
For John Baza, Director

Date 6/30/05

STATE OF Utah )  
COUNTY OF Salt Lake ) ss:

On the 30<sup>th</sup> day of June, 2005, Mark Mesch  
personally appeared before me, who being duly sworn did say that he, the said  
Mark Mesch is the Director of the Division of Oil, Gas and  
Mining, Department of Natural Resources, State of Utah, and he duly acknowledged to  
me that he executed the foregoing document by authority of law on behalf of the State  
of Utah.



Joelle Burns  
Notary Public  
Residing at: S LC Ut

April 4. 2009  
My Commission Expires:



ATTACHMENT "A"

Copy

Wembco, Inc.  
Operator

Asphalt Tar Sands Mine  
Mine Name

M/047/032  
Permit Number

Uintah County, Utah

**LEGAL DESCRIPTION**

*Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.*

**The detailed legal description of lands to be disturbed includes portions of the following lands not to exceed 43.35 acres under the approved / accepted permit and surety, as reflected on the attached map labeled Wembco Inc. (Wembco Asphalt Property) and dated "revised 6-14-2003"**

Portions of the SE/4 of Section 30 and the NE/4 of Section 31, Township 4 South, Range 21 East, SLBM, Uintah County, Utah.



# ZIONS BANK

## TIME DEPOSIT CONFIRMATION

*Copy*

Account Number: \_\_\_\_\_  
Date: 06/09/2005

Ownership: WEMBCO INC, Beneficiary  
STATE OF UTAH, Custodian  
DIVISION of Oil, Gas & Mining Permit # M-047-032  
THOMAS W BACHTELL

Purchase Amount: \$275,000.00 Term: 12 ☒ Months ☐ Days

Interest Rate: 3.250% Annual Percentage Yield: 3.290% Maturity Date: 06/09/2006

Interest Payment Frequency: ☐ At Maturity ☐ Annually ☒ Quarterly ☐ Monthly

Interest Payment Method: ☐ Add to Deposit ☒ Issue Check ☐ Transfer to Account Number

Non-Renewable If Checked: ☐

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JUN 23 2005

☐ Checking/MMDA ☐ Savings

Zions Bank Representative Signature: *M. Bando*

This confirmation is not negotiable. This confirmation is not transferrable except on the records of the Bank. The Certificate of Deposit is issued in accordance with Zions Bank's Deposit Agreement.

*Copy*